



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8

1595 Wynkoop Street
DENVER, CO 80202-1129
Phone 800-227-8917
<http://www.epa.gov/region08>

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Ref: 8ENF-AT

Robert L. Gronewold
Manager, Corporate Environmental Affairs
Tesoro Petroleum Companies, Inc.
3450 South 344th Way, Ste. 100
Auburn, WA 98001 - 5931

D. Jeffery Haffner, Esq.
Tesoro Petroleum Companies, Inc.
300 Concord Plaza Drive
San Antonio, TX 78216 - 6999

Mandan April 24, 2006
1st time occurrence

RE: United States v. BP Exploration & Oil Co. - Civil Action No. 2:96 CV 095 RL
Acid Gas Flaring Incident, on April 24, 2006, at the Mandan Refinery,
North Dakota

Messrs. Gronewold and Haffner:

The United States Environmental Protection Agency (EPA) received the reports, dated May 8, 2006 and June 21, 2006, detailing the root cause failure analysis for the April 24, 2006, acid gas flaring incident that occurred at Tesoro's refinery located in Mandan, North Dakota. Based on the information submitted in the reports, EPA has determined that the incident is not a malfunction and subject to the provisions of Paragraph 22.C.i.c.1.ii because it resulted from the first time occurrence of a root cause; therefore, the stipulated penalty provisions of Paragraph 47 do not apply to this flaring incident.

Tesoro reported that the April 24, 2005, flaring incident lasted 2 hours and 43 minutes, and released 0.7 tons of sulfur dioxide (SO₂) to the atmosphere. According to Tesoro, the sulfur recovery unit was shutdown due to lack of acid gas feed when electrical power to other process units was interrupted during a rainstorm. An electrical connection on one of the main electrical feeds to the refinery failed during the storm. The cause of the power outage was determined to be a point of termination head (pothead) on electrical feeder #1 which supplies power to the Combination Unit.

Tesoro asserts that the root cause of this flaring incident was the failure of the pothead on electrical feeder #1. To prevent further occurrence of flaring resulting from this cause, Tesoro replaced 11 potheads, including those with the highest potential to trigger an acid gas flaring event because of exposure to wind and rain. Tesoro used a Tyco/Raychem heat shrink

termination kit specifically designed to take the temperature cycles that exist, which should provide maintenance free use.

EPA finds this flaring incident is subject to Paragraph 22.C.i.c.1.ii because the incident resulted from the first time occurrence of a root cause that is reasonably preventable through the exercise of good engineering practice.

According to our records, this is the eleventh flaring incident at the Mandan refinery since the lodging of the Consent Decree, and the first in the last twelve months.

Should you have any questions or if you wish to discuss this matter, please contact Mr. Scott Whitmore at (303) 312-6317.

Sincerely,

Michael T. Risner
for

Assistant Regional Administrator,
Office of Enforcement, Compliance,
& Environmental Justice

cc: Alan R. Anderson, Manager, Mandan Refinery
Scott Whitmore, U.S. EPA, Region 8
David Rochlin, U.S. EPA, Region 8
Nathan Frank, U.S. EPA, Region 5
Jim Semerad, Division of Air Quality, ND Dept. Health
Teresa Dykes, U.S. EPA, HQ
Norma Eichlin, Matrix New World